



General Assembly

February Session, 2004

Raised Bill No. 5205

LCO No. 1180

* _____HB05205PH____033104_____*

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

***AN ACT ESTABLISHING STANDARDS FOR CONTRACTS BETWEEN
MANAGED CARE ORGANIZATIONS AND PHYSICIANS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2004*) (a) As used in this section
2 "contracting health organization" means (1) a managed care
3 organization, as defined in section 38a-478 of the general statutes, as
4 amended; (2) a preferred provider network, as defined in section 38a-
5 479aa of the general statutes, as amended; or (3) any organization
6 operating a workers' compensation insurance arrangement, including,
7 but not limited to, a medical care plan established pursuant to
8 subsection (c) of section 31-279 of the general statutes.

9 (b) Each contract for services to be provided to residents of this state
10 entered into, renewed, extended, amended or modified on or after
11 October 1, 2004, between a contracting health organization and a
12 physician shall include provisions that: (1) Provide an explanation of
13 the physician payment methodology, the time periods for physician
14 payments, the information to be relied upon to calculate payments and
15 adjustments and the process to be employed to resolve disputes
16 concerning physician payments; and (2) require that the contracting

17 health organization provide to each participating physician a copy of
18 the fee schedule that determines the physician's reimbursement.

19 (c) No contract for services to be provided to residents of this state
20 entered into, renewed, extended, amended or modified on or after
21 October 1, 2004, between a contracting health organization and a
22 physician shall include any provision that (1) allows the contracting
23 health organization to unilaterally change any term or provision of the
24 contract, including, but not limited to, fee schedules, provider panels,
25 justification and the opportunity for appeal by the physician or any
26 right of the physician to discuss and negotiate the terms of any
27 contract or the opportunity for the physician to terminate a contract
28 before any amendment becomes effective, except that if the physician
29 chooses to terminate the contract before such amendment becomes
30 effective, such amendment shall not be binding on the physician
31 during any period the physician's obligations continue under the
32 contract, (2) allows the contracting health organization to reduce the
33 level of service coded on a claim submitted by a physician without
34 conducting a reasonable investigation based on all available medical
35 records pertaining to the claim, or (3) delays payment beyond forty-
36 five days after a claim is filed.

37 (d) Each contracting health organization shall disclose, in writing,
38 upon entering into, renewing, extending, amending or modifying a
39 contract with a physician on or after October 1, 2004, for services to be
40 provided to residents of this state, whether the list of contracted
41 providers and their contracted reimbursement rates may be sold,
42 leased, transferred or disclosed to other payers or other contracting
43 agents, and shall specify whether those payers or contracting agents
44 include workers' compensation insurers or automobile insurers. Each
45 contracting health organization shall, with respect to any contract with
46 a physician in effect on or after October 1, 2004, provide written notice
47 to such physician if the list of contracted providers and their
48 contracted reimbursement rates may be sold, leased, transferred or
49 disclosed to other payers or other contracting agents, and specify

50 whether those payers or contracting agents include workers'
51 compensation insurers or automobile insurers.

52 (e) Each contracting health organization shall allow physicians,
53 upon the initial signing, renewal or amendment of a provider contract,
54 to decline to be included in any list of contracted providers that is sold,
55 leased, transferred or otherwise disclosed to other payers or
56 contracting agents. If a physician who has elected to be excluded from
57 such a list is included in a list of contracted providers that is sold,
58 leased, transferred or otherwise disclosed to other payers or
59 contracting agents, each physician's election under this subsection
60 shall be binding on each contracting agent or payer that buys, leases or
61 otherwise obtains such list of contracted providers.

62 (f) No contracting health organization shall intentionally
63 misrepresent to a physician that the contracting health organization is
64 entitled to a certain preferred provider discount or other discount off
65 the fees charged for medical services, procedures or supplies provided
66 by the physician.

67 (g) No person having knowledge that a contracting health
68 organization intends to make or has made the type of
69 misrepresentations prohibited by subsection (f) of this section shall
70 assist that contracting health organization in obtaining such discount.
71 Any person having knowledge of such misrepresentation prohibited
72 by subsection (f) of this section shall disclose such information to the
73 Insurance Department and the physician to whom a misrepresentation
74 intends to be, or has been, made.

75 (h) Each contracting health organization shall adhere to the
76 guidelines set forth in the most recent edition of the American Medical
77 Association's Current Procedural Terminology Manual.

78 Sec. 2. Section 38a-816 of the general statutes is amended by adding
79 subdivision (22) as follows (*Effective October 1, 2004*):

80 (NEW) (22) Any violation of section 1 of this act.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>
Sec. 2	<i>October 1, 2004</i>

INS *Joint Favorable*

PH *Joint Favorable*